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European Review

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24 April 1985

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European Review

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East Germany: Emigration Problem

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The East German regime allowed about 40,000 East Germans to emigrate to West Germany last year, more than in any year since the construction of the Berlin Wall in 1961. The US Embassy estimated last April that, in fact, about 100,000 applications for emigration covering about 400,000 East Germans were pending. West German leaders and the press have depicted the wave as a concession to the urgings of the West German Government and the desires of numerous East Germans. Survey information, however, leads us to surmise that the regime was mainly interested in ridding itself of its dissatisfied citizens. It may have been surprised at the extent of emigration pressure.

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Hungary: The 13th Party Congress

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The principal themes of the Hungarian Socialist Workers' (Communist) Party's 13th Congress last month in Budapest were continuity and compromise. The Congress created a new deputy party chief position, which may herald the beginning of a transition to the post-Kadar era. The changes in the Politburo and Secretariat, as well as the more substantial turnover in the Central Committee, appear designed to infuse more youth and vigor into the leadership while maintaining the current balance of interests and views. The Congress reasserted its commitment to economic reform but took no action to quicken the pace. Promises were repeated to increase living standards and benefits in order to ease the plight of those suffering most from recent austerity policies.

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Some articles are preliminary views of a subject or speculative, but the contents normally will be coordinated as appropriate with other offices within CIA. Occasionally an article will represent the views of a single analyst; these items will be designated as uncoordinated views. Comments may be directed to the authors.

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Briefs**Turkey-West Germany****Ozal Visit**

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Economic issues were the focus of Turkish Prime Minister Ozal's ostensibly unofficial visit to West Germany to attend the Hannover Trade Fair. Ozal used his appearance at the fair to promote West German investment in Turkey, which exports nearly one-fifth of its products to West Germany. In his meeting with Chancellor Kohl, Ozal raised possible construction of a nuclear power plant by the West German firm KWU, and pressed for West German support for the release of \$400-500 million in EC aid to Turkey that was frozen following the 1980 military takeover. Other likely agenda items were free circulation of Turkish workers in Europe in 1986—a measure West Germany, already the home of some 1.3 million Turkish migrants, strongly opposes—and joint Turkish-German production of Leopard tanks for export to the Middle East.

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Ozal's main political intention in making the trip probably was to assuage West German concerns about continued restrictions on political freedoms in Turkey, and to urge Christian Democratic (CDU) recognition of his Motherland Party (ANAP) as the true conservative party of Turkey. ANAP's rival for that title is the Correct Way Party, unofficially the party of former Prime Minister Suleyman Demirel. His Justice Party had strong ties to the CDU before it was dissolved along with all other political parties by Turkey's martial law regime in 1981.

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Greece**Government's Possible Purchase of Shipyard**

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Athens's announcement that it intends to negotiate the purchase of the ailing Hellenic Shipyards—the largest shipyard as well as one of the largest private-sector companies in Greece—is aimed at preventing a further rise in unemployment in this election year. The firm, which employs nearly 5,000 workers, announced earlier that it would have to close down because it had lost \$40 million in the last three years due to labor problems and the world shipping crisis. The firm had lobbied the Papandreou government unsuccessfully to allow it to cut its work force by nearly a fifth. Greek law allows no more than a 2-percent reduction per month in the work force.

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The closure of the shipyard would be politically embarrassing to Papandreou with a national election likely to be scheduled in the first half of June. Unemployment nationwide has more than doubled since 1980—from 4 percent to 10 percent in 1984. A growing number of firms have found themselves in financial difficulty because rising labor costs and Papandreou's tight price controls have squeezed companies' profits. Private investment has declined steadily in the past five years,

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and the poor state of the economy and of relations between the business community and Papandreou make it unlikely to revive any time soon. As a result, unemployment is likely to rise further. []

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Poland**Increased Hard Currency Deposits** []

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The banking system has attracted at least \$250 million in new deposits from Polish citizens in the past three months as a result of changes in the regulations governing hard currency accounts. The new rules require that hard currency deposited in interest-bearing accounts after 5 April must be documented as legal gifts, honorariums, or bonus payments from abroad. Without documentation, hard currency can be deposited only in non-interest-bearing accounts and cannot be taken out of the country for one year. After remaining in a non-interest-bearing account for a year, funds can be transferred to an interest-earning one and then used for travel and purchases abroad. According to the Polish press, the new deposits brought the total amount of hard currency in the banks to more than \$1.1 billion. []

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Interest rates of up to 11 percent and the possibility of withdrawing funds for Western travel most likely attracted many depositors. Some Poles, however, probably continue to keep their hard currency holdings at home because they do not trust the government; they likely remember that some restrictions on hard currency accounts imposed in December 1981 after the imposition of martial law were not removed until this January. The newly deposited funds could prove useful to Warsaw in reducing its financial gap this year. []

the government used private hard currency deposits for external payments in the late 1970s and early 1980s. []

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Czechoslovakia**New Editorial Approach** []

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The Czechoslovak party daily *Rude Pravo* has been devoting its lead editorials over the last few months to issues of general interest in place of its traditional abstract ideological exhortations. Dealing with such subjects as the curbing of environmental pollution, the restoration of deforested areas, housing shortages, and corruption, the editorials note the high level of concern in top party circles over these issues and frequently mention that they were discussed in recent Presidium meetings. Although such references to Presidium agenda items are unusual, the editorials do not go further by indicating what actions the leadership took to address the problems. []

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The new press campaign appears aimed at galvanizing low-level party members by injecting more life into party meetings and involving members more in pushing the party line on current topics, and at winning some support for the authorities from the general population. In at least the latter goal, the campaign, in our judgment, will have little success. The depth of the population's alienation and the party's unwillingness to permit any popular initiative outside of organizations under its control means that the regime would have to take much stronger steps to gain much popular support. []

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Articles

**Socialist International:
Views on Arms Control**

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Popular concern in Western Europe in recent years about failing detente, the arms race, and a possible nuclear holocaust has prompted the Socialist International (SI) to seek greater involvement in security issues. Its Advisory Council on Disarmament and Arms Control (SIDAC)—an outgrowth of a “study group” on disarmament established in 1978 at the SI’s Helsinki conference—has made several trips to Washington and Moscow to consult on security matters and urge US and Soviet leaders to engage in serious arms control negotiations. The Soviet Union has tried hard to influence the SI’s disarmament policy by pursuing a dialogue with its security experts and according them high-level receptions in Moscow. Although SIDAC members claim that their arms control recommendations apply equally to both superpowers, they in fact tend to favor Soviet positions. SIDAC’s proposals—particularly on INF and the Strategic Defense Initiative (SDI)—diverge to some extent from the positions of some national socialist parties and are likely to be modified before they become SI policy.

SIDAC Recommendations

A draft report, prepared for a recent meeting of SI party leaders and given to the US Embassy in Helsinki, outlines the disarmament and arms control issues that a SIDAC delegation discussed during visits in Moscow and Washington last month. The report:

- Opposes SDI, claiming that it cannot provide immunity from nuclear attack, that it escalates the arms race, and that it violates the Anti-Ballistic Missile Treaty of 1972.

- Calls for a moratorium on intermediate-range nuclear forces.
- Urges the nuclear powers to “refrain from developing and deploying new nuclear-weapons systems” and to impose “a total ban on the use, development, testing, and deployment of anti-satellite (ASAT) systems and all space weapons.”
- Calls for a nuclear-weapons-free zone in Central Europe.
- Criticizes conventional “deep strike” doctrines, such as Follow-On Force Attack (FOFA) and AirLand Battle 2000.

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The draft report agrees with only a few aspects of US policy. It endorses the comprehensive approach to the arms control negotiations in Geneva as a way to ensure that all weapon systems are subject to negotiation and to promote tradeoffs. While not mentioning all confidence-building measures proposed by the West in the Conference on Disarmament in Europe, it supports notification and observation of military activities.

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Visit to Moscow . . .

Soviet leader Gorbachev received a SIDAC delegation, headed by Finnish Prime Minister Sorsa, that visited Moscow from 20 to 23 March. The delegation also met with candidate member of the Politburo Ponomarev and “US expert” Arbatov. The SI security experts reportedly were flattered when Gorbachev said that he had insisted on meeting the delegation personally.

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[redacted] Gorbachev focused primarily on SDI, contrary to TASS reports that he had made only passing reference to it. The Soviet leader repeated standard claims that the USSR is striving only to maintain a military balance between East and West while the United States is trying to achieve world domination through SDI. He insisted that SDI and antisatellite weapons must be included in the arms control negotiations in Geneva. The Soviet disarmament experts told the delegation that the USSR remains prepared to dismantle all SS-20s above the combined number of French and British nuclear missiles, and that these missiles would not be redirected at Asian targets. [redacted]

Although SIDAC chairman Sorsa claims that the group realized that some of the Soviet statements were self-serving, the delegation nevertheless made clear its sympathy for the Soviet line. A quasi-communicue at the end of the visit endorsed "significant" reductions in nuclear arsenals, as well as a ban on nuclear testings, ASAT, and all space weapons. The overriding theme of the press release was the "prevention of the militarization of outer space"—a phrase straight from the Soviets' propaganda lexicon. [redacted]

... and Washington

The delegation then traveled to Washington to demonstrate its professed impartiality. Sorsa repeated the proposals made in the Moscow communique and emphasized the importance of making progress in arms control negotiations this year. The delegation listened politely to US arguments that a nuclear weapons freeze would place the West in an inferior position and that SDI research, unlike the Soviet radar at Krasnoyarsk, does not violate the ABM Treaty. [redacted]

US presentations, however, did not change the delegates' positions. SIDAC members reiterated Moscow's claims that the purpose of the Krasnoyarsk radar is to track space vehicles rather than ballistic missiles. Some West European delegates also continued to express concern that SDI may decouple West European defense from that of the United States and that it undermines deterrence. SIDAC's emphasis on deterrence is ironic considering that in the past many West European socialists attacked the doctrine as immoral. [redacted]

Some delegates also maintained that the enormous cost of SDI and nuclear modernization programs cuts down on funds for Third World development—a line the Soviets have strongly encouraged. The delegation showed little interest in US information that the Soviets are already doing research on ground- and space-based particle beam weapons, and it also gave scant consideration to the problems of verifying arms control agreements in the USSR and Eastern Europe. [redacted]

Differences in Socialists' Security Positions

SIDAC's arms control positions are shaped heavily by representatives from Austria, Japan, and the Scandinavian countries, and differ to some extent from those taken by some southern European and other NATO socialists. The leftist governments in France, Italy, and Portugal have recognized the need for counterbalancing the Soviet military buildup and have supported key Western security initiatives:

- French President Mitterrand, in contrast to the previous conservative government, has strongly backed INF deployment in Western Europe.
- Italian Prime Minister Craxi, while at one time calling for a moratorium on INF deployment, has also upheld Italy's commitment to accept cruise missiles.
- Portuguese Prime Minister Soares has consistently voiced strong support for the Alliance. Although he recently called for a reduction of forces to as low a level "as circumstances permit," he rejected unilateral disarmament because it would lead to war rather than peace. [redacted]

Recent meetings of European NATO socialist parties in Lisbon and of SI leaders in Brussels also showed some divergence from SIDAC positions, particularly on SDI. Although participants in the two conferences, according to US diplomatic reports, expressed strong reservations about the military application of SDI, many endorsed the idea of space research. Like their conservative counterparts, some West European leftists view the SDI proposal as a possible technology bonanza and a powerful bargaining chip in the Geneva arms talks, and they have cautiously

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supported West European participation in research.¹ West European socialists, however, doubt that Washington will share sophisticated technologies derived from SDI research. As a result, France—after a failed attempt to persuade other European NATO countries to adopt a space research program of their own—is now promoting a joint European approach to SDI to maximize leverage with the United States.

The Lisbon meeting revealed fewer differences than expected between northern and southern European socialists on INF. According to US diplomatic sources, the West German, Belgian, and even the Dutch representatives appeared to be resigned to INF deployment in their countries. Since then, however, the USSR's announcement of a six-month moratorium on SS-20 deployment has given new impetus to the anti-INF rhetoric of leftist opposition parties. The West German Social Democratic Party and the British Labor Party have welcomed the Soviet freeze, and the Dutch Labor Party has called on the West to match it with a moratorium on INF deployment.

Outlook

The SI is likely to continue its disarmament activity because it gives its members a chance collectively to express concern about peace and criticize Alliance policy without exposing themselves to attack in NATO councils. Given SIDAC's makeup, its final report on disarmament and arms control probably will be no more sympathetic to US security concerns than the draft proposal. Austrian Walter Hacker is viscerally anti-American, and West German Andreas von Buelow claimed in a recent paper that NATO seriously overestimates Warsaw Pact strength. The report, however, probably will be modified to some extent by the French and Italian socialists before it becomes an official SI resolution.

Differences between northern and southern European socialists on security policy are likely to persist, particularly on INF deployment. Some northern

¹ The West German Social Democratic Party, however, has rejected European participation in SDI research. Security expert Horst Ehmke has accused the United States of merely wanting to exploit the Europeans' scientific potential.

European leftist parties—particularly those in West Germany, Belgium, and the Netherlands—may tone down their criticism of Alliance policy if they manage to return to power, but they are likely to continue opposing specific NATO programs, such as further INF deployments. West European socialists probably will continue their cautious endorsement of SDI research, but this support may fall apart if the Soviets at some point in the Geneva negotiations propose to reduce long- and intermediate-range nuclear missiles in exchange for severe limitations on the SDI program.

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**France:
Views on the Strategic
Defense Initiative** []

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The Strategic Defense Initiative (SDI) may force French military planners to change their view of deterrence in the early 21st century, and not all in government are satisfied with the implications for French doctrine. Most officials are concerned that SDI reflects a shift in American strategy from deterrence based on a balance of offensive systems to an emphasis on defensive weapons. As Defense Minister Hernu told a meeting of Alliance defense specialists in February in Munich, the French are concerned that SDI will upset the stability inherent in the doctrine of "Mutual Assured Destruction" by increasing the competition between superpowers both in defensive systems and in offensive weapons to saturate the new defenses. According to Hernu, the Europeans—particularly the French—could be caught between the superpowers in this "upward spiral" of competition. In the near term, the French believe their deterrent is secure, but the addition of a defensive component to deterrence will force France to rethink its plans to preserve the viability of its independent nuclear deterrent. []

The French probably hope to profit from participation in SDI research, but the Embassy in Paris reports they are suspicious that the military, scientific, and industrial communities in the United States will block any meaningful European participation. They fear this will leave only less profitable areas for the Allies. Hernu, in a press interview on 30 March, called for the West Europeans to consult among themselves on their response to Secretary Weinberger's invitation to cooperate in the program. Hernu said he wants any cooperation to be on an equal footing. []

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In discussions with US officials in late March, the French asked about the modalities of French participation in SDI research but did not advance any specific proposals for SDI projects. They are expecting additional information from the United States and probably are awaiting specific US proposals on areas in which Allied participation would be welcome. No French response is likely before this summer, when they expect that more in-depth US analyses will be available. []

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Need For Research

French officials apparently have accepted the need for SDI research as a hedge against Soviet efforts to improve their strategic forces. They recognize that SDI is a long-term program involving years of research before deployment decisions will be made. Presidential adviser Veldrine, for example, told the US Embassy that the West needs to maintain its research in order to preserve its scientific lead. He acknowledged that the Soviet Union will continue its research in this area and said that the United States should press ahead with its efforts since there is no effective way to monitor or limit research. Paris does hope, however, that SDI will continue to be subject to arms control negotiations and that deployments can be limited or avoided altogether. []

Threat to French Deterrent

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[] the French accept the need for SDI research. But they fear that US statements about this research making nuclear weapons obsolete have blurred the distinction between research and deployment. According to the US Embassy, the government is particularly concerned that its public not be led into believing that a successful defense against ballistic missiles will be deployed soon. Such a misconception could erode public willingness to pay the costs required to maintain France's independent nuclear forces—the keystone of France's defense policy. []

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French officials have said publicly that France's nuclear deterrent will be secure at least until the end of the century. Moreover, according to the US Embassy, there is a consensus at the senior levels in the Foreign Ministry and the Elysee Palace that SDI will never provide a leakproof defense of the civilian population:

- Hernu told a press interviewer last December that the United States and the USSR could not build impenetrable defenses and that nuclear weapons would provide the basis for French security into the next century.
- Vedrine told a US Embassy official in March that he was not concerned about the threat SDI poses to the French nuclear deterrent because neither the Soviets nor the United States could build a shield that would prevent all warheads from reaching their targets.
- Both officials also have stated publicly that, with the addition of penetration aids, the French deterrent will be effective into the next century. Thus France's anti-city targeting strategy is not likely to change soon. []

Longer Term Military Concerns

The French are concerned, however, about the effect of SDI on their long-term defense plans. The US Embassy and [] is planning now for new weapons that will enter service in the late 1990s and remain in use well into the next century. Current plans call for a force of land- and sea-based ballistic missiles:

- A mobile ballistic missile, the S-X, to replace France's intermediate-range ballistic missiles and Mirage IV bombers as these systems reach the end of their service life in the late 1990s.
- An improved submarine-launched ballistic missile already in production. []

The US Embassy reports that some defense experts are concerned that the SDI program may prompt the USSR to develop similar systems that, while not completely effective against a US attack, might counter a smaller French or British nuclear strike. Force planners in the Ministry of Defense consequently are now faced with considerable uncertainty about how to structure their forces. []

A 1984 Ministry of Defense study clearly suggests that the French expect the USSR to develop some form of improved ballistic missile defense. Thus,

[] there is a growing realization that French strategy will have to change if the concept of an independent nuclear deterrent is to remain valid. []

Divisions probably exist within the Ministry of Defense. Some experts reportedly have concluded that the advantage lies with the attacker rather than the defender because of the long leadtimes necessary to improve a ballistic missile defense system. Thus it may be more cost effective to improve France's present missile-based deterrent than to develop entirely new systems such as cruise missiles []

On the other hand, some military experts probably favor cruise missiles because of their greater operational and targeting flexibility. The fact that they could be fielded in greater numbers and on a variety of launch platforms will, according to one senior French official, weigh heavily in the coming debate between cruise missiles and the S-X. Cruise missiles, however, will be technologically difficult and expensive to develop. Moreover, the French do not have the detailed cartographic information necessary for accurate navigation and would have to turn to the United States for assistance. Thus a decision to develop cruise missiles probably would be widely seen as making the French deterrent more dependent on the United States. []

Outlook

While there are hints that some government officials simply want SDI to go away, most officials and opinionmakers believe that the development of SDI technology is necessary and inevitable. The French clearly are concerned about the potential effect SDI will have on their nuclear deterrent, particularly beyond the year 2000, since it involves the development of technology that could make their deterrent obsolete. At the same time, participation in

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the program could provide access to technology that might enable them either to overcome a ballistic missile defense or to develop one of their own. Much of the resistance to SDI comes because the Initiative is forcing French planners to make hard choices regarding future systems, seriously questioning previous plans to develop new systems.

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The French would prefer to lead an independent West European effort to develop a defense against ballistic missiles, but probably will quickly find the cost of such an effort prohibitive. They are not likely to turn to cooperation with the United States until it becomes clear that a joint European effort is not feasible. They recognize the technological spinoffs that will come with the development of SDI weapons, but will be reluctant to agree to participate with the United States until they understand what is being asked of them.

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**East Germany:
Emigration Problem**

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About 40,000 East Germans emigrated to West Germany last year, more than in any year since the construction of the Berlin Wall in 1961. About 30,000 of them resettled during the first half of the year in an "emigration wave" deliberately set loose by the East German authorities. The US Embassy estimated in April 1984 that about 100,000 applications for emigration covering about 400,000 East Germans were pending. West German leaders and the press have depicted the wave as a concession to the urgings of the West German Government and the desires of numerous East Germans. Survey information, however, leads us to surmise that the regime was mainly interested in ridding itself of its dissatisfied citizens. It may have been surprised at the extent of emigration pressure.

Who are the Emigrants?

Press reports at the time indicated that the wave contained many able-bodied younger people, in contrast to the "normal" emigrants, who typically are pensioners. A recently published survey of some of last year's emigrants sheds further light on them, though deficiencies in sample selection¹ make the study suggestive rather than conclusive.

The survey group was in fact young compared with the East German population. Nearly 78 percent were under 40, compared with just under 42 percent of the population as a whole, according to official figures for 1983. The authors of the study do not indicate how many respondents had been employed, but almost 90 percent of them were employable and seeking employment, while the authors give 66 percent as the percentage of all East Germans 18 and older employed in 1981. Of the sample group, 84 percent

were at least skilled workers, although as a whole the group was neither more or less well educated than the general population.

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The sample group was about 60 percent male while the general East German population is about 47 percent male. The authors also note that the Dresden region of southeastern East Germany, which accounts for about 11 percent of the East German population, was greatly overrepresented in the survey group. Finally, although about one-third of the survey group had close relatives in West Germany, virtually all of them also left close relatives behind in East Germany, with whom they wished to remain in contact.

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Reactions

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On average, the survey group had waited two years after applying before they were allowed to leave, although some had waited more than five years. Three-fourths had been summoned by the authorities and urged to retract their applications, but only a minority had been harassed by the security service. Half of the group experienced some kind of employment penalty, however, including reassignment to less desirable or lower-paying jobs. The better educated of the group experienced more economic losses after applying to emigrate. In private life and social contacts, 40 percent of the sample were unaffected by their application, while the rest were about evenly divided between those who received support and encouragement and those who experienced rejections.

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Motives

The authors of the study surmise that the lapse of time between application and emigration may have distorted the survey group's responses as to their original motivations for applying to emigrate. Nevertheless, "political" motivations, such as the absence of freedom of opinion and political pressure to

¹ No attempt was made to achieve a random sample. Questionnaires were distributed only at the Giessen Refugee Center and participation was voluntary. Of 2,000 questionnaires handed out, about 500 were returned. An April 1984 report on 130 interviews of refugees arriving in West Berlin generally agrees with the results of the Giessen study, but this sample also suffers from nonrepresentative, non-random-sampling procedures.

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conform, were cited by 71 percent and 66 percent, respectively. Such "material" motivations as restrictions on travel and the poor consumer supply situation were cited by 46 percent and 45 percent of the group, respectively. The material motivations seemed to have stronger impact on emigrants with less formal education, and on those from the Dresden area, who also tended to be of a somewhat lower social class than the rest of the group. []

In responding to open-ended questions on motivation, respondents often cited a total and principled rejection of the East German system. Such reactions were often connected with strong anti-Communist attitudes, sometimes in reaction to such problems as attempts to condition schoolchildren to a Marxist worldview. []

Expectations and Initial Experiences

Nearly 70 percent of the survey group expected better working conditions in West Germany. There was a significant level of pessimism in the group, however, as to both job availability and housing. The responses on job availability were significantly more negative the longer the delay in submitting the questionnaire, presumably reflecting actual experience with the West German labor market. The housing expectations, however, were more optimistic in the later responses. []

The group also showed considerable anxiety over their prospective reception in local communities, with 40 percent viewing themselves as entering a strange country. Only a fourth, however, feared social isolation. The emigres' first impressions of West Germany were positive, with 43 percent positive about the West German bureaucracy, over 40 percent pleased with the social milieu, 34 percent impressed by consumer supplies, and 35 percent pleased by the general standard of public life and services. []

East German Strategy

The East German authorities appear to have had a specific, limited goal in mind for the emigration wave. East Berlin's willingness to persist in the face of indirect criticism in the Soviet press suggests that the regime must have had a genuine domestic rationale, rather than seeing emigration merely as a gesture to either domestic or foreign opinion. Comments from

East German officials and the line apparently handed down within the Communist Party emphasized that the regime was ridding the country of chronic malcontents. Its introduction of new sanctions against emigration applicants and its renewed antiemigration propaganda early in 1984 suggest that the regime saw the wave as being limited in duration. Officials' comments reflected confidence that disincentives and propaganda could damp down emigration pressure once the malcontents were gone. []

Press and embassy reporting made it clear that such "opposition" elements as peace and environmental activists were included in the wave, but the survey results suggest a broader dimension. After its relative youth,² the group's only other common characteristic was persistence in seeking to emigrate. This suggests that the regime was simply dealing with the most dissatisfied citizens and not focusing on any particular category of dissidents. The group's "youth" is not inconsistent with this scenario; older people may have been considered more susceptible to economic and social pressures and the prospect of emigration after retirement. []

Consequences and Implications

The authorities were surprised, [] by the number of new emigration applications that the emigration wave stimulated. They were certainly chagrined by the sit-ins of would-be emigrants at Western diplomatic missions in Eastern Europe, particularly the West German Embassy in Prague, during most of the rest of the year. Their surprise suggests that they may not have known the full extent of emigration pressure in the country. One possible explanation is that East German functionaries have been known to distort or withhold information from their superiors. []

Regardless of the leadership's access to information, they can take little comfort from the survey data. The concentration in the sample group of people from the Dresden region, for instance, suggests a difficult

² If this is a representative sample, about 6 percent of youth want to emigrate. []

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problem for official propaganda. If, indeed, the Dresden area—which does not receive West German television—was overrepresented among all emigration applicants, propaganda against emigration would seem to have been less effective just where there was no competition from Western media. It may even be that distrust of the official line has become so strong that it is not even given the benefit of the doubt without confirmation from Western sources. The survey group's low expectations on job and housing availability, on the other hand, suggest that propaganda on life in West Germany, at least, is believed but not heeded.

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The motives of the survey group should give the East German regime even less comfort, because they seem to arise from conditions the regime cannot alter. The most cited reason for emigration—lack of freedom of opinion in East Germany—is a feature of society that the conformity-obsessed East German Communist Party is highly unlikely to relax. The unstructured comments revealing principled rejection of the East German system and outright anti-Communism put the party's goal of discouraging emigration yet further beyond reach.

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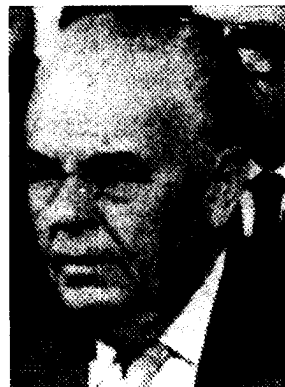
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Hungary: The 13th Party Congress

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The principal themes of the Hungarian Socialist Workers' (Communist) Party's 13th Congress, which convened recently in Budapest, were continuity and compromise. The Congress created a new deputy party chief position, which may herald the beginning of a gradual transition to the post-Kadar era. The changes in the Politburo and Secretariat, as well as the more substantial turnover in the Central Committee, appear designed to infuse more youth and vigor into the leadership while maintaining the current balance of interests and views. The Congress reasserted its commitment to economic reform but took no action to quicken the pace. Promises were repeated to increase living standards and benefits to ease the plight of those suffering most from recent austerity policies.



*Karoly Nemeth, Hungary's
newly elected deputy party
chief*

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Personnel Changes

The most significant personnel decision was the selection of veteran Party Secretary Karoly Nemeth, 62, as deputy to party chief Kadar, making Hungary the first Soviet Bloc country formally to designate a number-two man. An Hungarian Central Committee member indicated in a newspaper interview that the new deputy position will free Kadar from some of his daily operational responsibilities while enabling him to use his "prestige and popularity" to "influence" policymaking. This characterization squares with our judgment that Kadar will continue to retain supreme authority.

Although Nemeth now is a strong favorite eventually to succeed Kadar, to our knowledge the party statutes were not changed to make the deputy the automatic successor. Nemeth lacks the dynamism and skills required of a party leader. These shortcomings probably led Kadar, who has long been aware of the risks associated with a talented, ambitious heir apparent, to view Nemeth as a safe selection.

Other senior personnel changes suggest an effort by Kadar to inject youth, vigor, and technical competence into the party leadership. New additions to the 13-member Politburo are Karoly Grosz, 54, chief of the powerful Budapest party organization; Istvan Szabo, 61, head of the national agricultural cooperative council; and Communist Youth League leader Csaba Hamori, 36. Mihaly Korom, 58, Lajos Mehes, 58, and Valeria Benke, 65, were all dropped from the Politburo; Korom and longtime cultural czar Gyorgy Aczel, 68, also lost their party secretary positions. Party daily editor Janos Berecz, 54, Interior Minister Istvan Horvath, 50, and National Technical Committee President Lenard Pal, 59, joined an expanded seven-member secretariat.

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The turnover in the senior leadership bodies was less extensive than pre-Congress rumors suggested. Indeed, there were fewer changes in the Politburo and Secretariat than at the 1980 Party Congress, and two of the three members dropped from the Politburo this year had been members only since 1980. Changes in

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the newly streamlined 105-member Central Committee were more substantial—43 members were dropped and 28 added—in contrast to the handful of changes at the last Congress. Although information on the new members is still rather scanty, one objective of the shift—as in the higher level bodies—apparently is to bring in young blood. We estimate the new appointees to be almost eight years younger on average than those departing, and the average age of the entire Central Committee to have declined by more than two years to 56.5. []

Policy Continuity Likely

Kadar apparently continued his long established policy of balancing representatives of different views and interests within top party organs. Proponents of economic reform and relatively liberal policies continue to hold important positions. Reform czar Ferenc Havasi retained both his Politburo seat and his job as party secretary for economic affairs. In addition, the background of some newcomers suggests they will support continued economic experimentation. New Politburo member Szabo, for example, has played a pivotal role in the success of the decentralized, market-oriented agricultural system, while new party secretary Pal, a physicist who once headed the National Academy of Sciences, has been heavily involved in efforts to secure Western technology. []

Despite the loss of Korom and Benke from the Politburo, the party's more orthodox faction also will be well represented at high levels. []

[] Grosz, a rising star who emerged from obscurity last December to become head of the Budapest party apparatus, is a reform opponent. [] dissident circles also fear that he has been tasked to tighten up on the relatively free-wheeling dissident community. The ambitious, careerist Berecz, who now holds the party's agitation and propaganda portfolio, also has a reputation for ideological orthodoxy. The Congress also confirmed the political comeback of veteran labor leader Sandor Gaspar, an outspoken defender of blue-collar workers who perceive some aspects of reform as a threat to their economic well-being. []

Economic Issues Dominate

The keynote speeches and other Congress documents were dominated by discussions on the prospects for

economic growth and living standards over the next five years, social welfare issues, and the state of economic reform. Hungarians heard a frank assessment of their economic plight during recent years. Kadar admitted that they have suffered—to varying degrees—as the result of austerity measures necessary to avoid a financial crisis. He conceded that, despite earlier promises to preserve the standard of living, real wages for a large segment of the population had fallen since 1980. Havasi also warned that it is time to give up the illusion that socialist development will be immune from such capitalist ills as economic slumps and inflation. []

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The party leadership painted a somewhat more optimistic picture for the rest of the 1980s, but made it clear that the Hungarian economy would not be returning to the high-investment, rapid-growth situation of the 1970s and its associated large increases in living standards. Speakers at the Congress projected that national income will grow 2.5 to 3 percent in 1985 and perhaps exceed 3 percent thereafter, compared with an average annual growth rate of only 1.5 percent since 1980. They called for a halt in the fall of real wages and investment spending this year and left open the possibility for growth in these areas beginning in 1986. Budapest also announced at the Congress that it plans to take action to protect the truly poor, the youth, and the elderly by increasing social welfare benefits, alleviating housing shortages, and improving the social security system. []

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No major reform initiatives were proposed, but the need to implement measures already approved at the April 1984 party plenum was stressed. These include:

- Rationalizing the price structure by reducing subsidies and the number of turnover taxes.
- Promoting greater differentiation in enterprise earnings and workers' wages to better reflect differences in efficiency and productivity.
- Encouraging small-scale ventures under both socialist and private ownership.
- Giving workers a voice in management of state enterprises and in the selection of chief executives.

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The Congress made no mention, however, of a timetable for implementing these measures—much less of the plans for more far-reaching reforms

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discussed in the past such as the decentralizing of the banking system or large-scale liquidation of bankrupt firms. []

The tone and content of the Congress documents confirm our view that Budapest intends to move ahead with economic reform, but will do so gradually and cautiously while trying to maintain consensus among the country's interest groups. Kadar and other leaders openly admitted that social tensions have been rising to uncomfortable proportions as the result of inflation, growing disparities in income between public- and private-sector employees, and the possibility of labor dislocation due to the closing of inefficient enterprises. In an effort to address these problems, the leadership announced that it will crack down on illegal and unwarranted activity in the private sector, will try to reduce inflation from the recent annual average of 7 to 10 percent to 5 percent, and will pay closer attention to workers' concerns when formulating policies on wage differentiation and labor mobility. []

Other Domestic Issues

The Congress reaffirmed the regime's commitment to relatively liberal political and cultural policies, although the additions of Berecz and Grosz to the Politburo may presage a tougher line toward dissidents. In his keynote address, Kadar emphasized the need for cooperation between Communists and non-Communists. This reaffirmed his maxim, "He who is not against us is with us," a principle that underlies his regime's relaxed approach to intellectual diversity. Kadar and other speakers also called for a broadening of "socialist democracy," citing the new electoral law as evidence of the party's desire for greater popular participation in the political process. []

The electoral law, already in place for June's parliamentary and local council elections, provides voters a choice between at least two candidates in each constituency. The elections will not take Hungary substantially closer to real democracy and certainly not toward multiparty elections, which Kadar ruled out. All candidates must have party approval, and the top leadership will run unopposed on a special national list. Nevertheless, the attention devoted to the electoral reform issue at the Congress

indicates the regime's continuing resolve to govern by consensus rather than coercion, or at least give the appearance of doing so. []

Foreign Policy

The Congress reflected Budapest's continuing effort to strike a careful balance between vital economic links to the West and its need to follow Moscow's basic line on East-West issues. Consequently, speakers placed the blame for East-West tensions on the United States and its NATO allies, but expressed hope for the success of the current US-Soviet talks and the Helsinki process. []

Soviet reaction to the Congress appears to confirm a variety of reports indicating that the Kremlin's new leadership will continue to tolerate Hungary's controversial economic policies. The chief Soviet delegate, Politburo member Romanov, called for more CEMA cooperation and trade but said that greater economic ties with the West are acceptable as long as they do not permit the West to exploit economic levers for political ends. He also cautiously blessed Hungarian economic reform and praised Hungary's exchanges with the USSR on ways to improve economic management and develop greater democracy. []

On the other hand, strains between Hungary and its Romanian and Czechoslovak allies over the treatment of their large Hungarian minorities were in clear evidence at the Congress. Several speakers made reference to the plight of the minorities, and Imre Pozsgay, head of the mass umbrella organization, the People's Patriotic Front, devoted most of his speech to the issue, claiming that maltreatment of minorities was unworthy of civilized nations. The minority question probably will continue to trouble Budapest's relations with its neighbors. With Prague and Bucharest unlikely to change their hardline policies, the Kadar regime probably will persist in playing to domestic national feeling on this emotional issue. []

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Western Europe: Old Terror and New

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One Analyst's View

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This article does not represent a DI or CIA position; it is solely the view of the author. It has not been coordinated or reviewed.

Modern-day terrorists—at least in Western Europe—have no chance either of taking power or fomenting the mass revolution so many of them yearn for. They are capable only of causing misery among their direct victims while shaking the sense of security among the population at large. Even the putative union among leftwing West European terrorist groups that concerns West European officials cannot compare—in the sense of organization or international political ties—to that of the more mundane, orthodox Leninist parties. Comparison between different eras suggests that the political effects of leftwing terror are not as significant as those of less spectacular Marxist rivals. This article does not consider rightwing terror, more spasmodic and even less threatening to the West European social fabric.

Since the last decade of the 19th century, leftwing terrorists have identified capitalism and its attendant political structures as the “enemy.” Marxists and anarchists developed theories on how best to analyze and hasten the destruction of that enemy and created political and conspiratorial organizations to carry out revolutionary activity.

Before World War I—Murder Without Mass Movement

While most Marxists eschewed random terror in favor of organized revolutionary struggle, other radicals adopted more romantic anarchist strategy. Laden with conspiratorial jargon, they dreamed of sparking the end of the existing order by assassinating its leaders. At the time—since they preferred spectacular action to arcane political debate—they received more prominent press coverage than the Marxists. Government leaders, understandably, also were more

concerned with anarchists' assassination threats than with Marxist revolutionary lore. In the long run, of course, Marxist revolutions and uprisings were more significant than the murders—for example—of President McKinley or Empress Elizabeth of Austria-Hungary.

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Early modern terrorism virtually disappeared when World War I did away with many of the ruling houses that served as assassins' targets. In addition, the Marxists' achievement of power in Russia eclipsed anarchist prestige. Two of the latter's last representatives were the pathetic Sacco and Vanzetti.

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The 1930s—Mass Movement With Little Terrorism

The prestige of the Soviet achievement and the expansion of trade unionism dominated the politics of the interwar European left. With the exception of pockets of rival pro-Soviet and Trotskyite groups in Barcelona and elsewhere, individual terror—as opposed to the organized state terror of Germany and the Soviet Union—largely disappeared from the mainstream of radical life. The few terrorist incidents of the period stand out mainly for their unintended results:

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- The Croat who murdered Yugoslavia's King Alexander in 1934 also killed French Foreign Minister Barthou and thus scuttled a major diplomatic effort to settle Germany's eastern borders.

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- The would-be assassin of President-elect Roosevelt in 1933 missed his target and killed the mayor of Chicago instead.

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The 1960s—Terrorism Redux

Soviet party boss Khrushchev's speech at the Communist Party Congress in 1956, the resulting

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divisions in the Communist world, and Soviet interventions in Hungary and Czechoslovakia discredited the Soviet Union among many West European students and intellectuals. As a result, leftists reexamined the West European alternatives to Marx and Lenin and rediscovered the founding fathers of European terrorism. When peaceful action against US policy in Vietnam and the policies of the French Government seemed on the wane, terrorists began attacking politicians and executives in an effort to destroy the foundations of West European society and shake off US domination. [REDACTED]

The resulting growth of the Red Brigades, the Baader-Meinhof group, and other organizations proved difficult to contain. These terrorists originally exacted a frightening toll in human life and shook public confidence in the stability of West European institutions. Nevertheless, many eventually were captured or killed. While the Red Brigades and Red Army Faction retained organizational viability, incidents such as the murder of Aldo Moro finally created enough public revulsion—including among West European Communists—to isolate the murderers and render them relatively ineffective. [REDACTED]

The 1980s—Building on the Past

In my view, the terrorists surviving the 1960s had three basic choices. First, they could rejoin the social mainstream, usually on the democratic left. Alternatively, they could turn their attention to the environment and other issues and attack mainstream politics from the flank—the Greens also have ties to the earlier period. Finally, terrorists could wait for a new opportunity to practice their craft. [REDACTED]

The current rash of murder and sabotage stems from the mixing of veteran terrorists choosing the third path with new recruits produced by the West European peace movement (in much the same way as the veterans were introduced to radical politics by the anti-Vietnam and May Day phenomena). While the new terror is no greater threat to overthrow society than was the old, it promises to be harder to root out. Terrorists are exploiting the public aversion to nuclear weapons that has dulled memories of disenchantment with earlier terrorist activity. [REDACTED]

The staying power of this violent afterbirth of anti-nuclear feeling will depend partly on how effectively governments root out terrorist leaders. In addition, terrorist attacks on popular political leaders or ordinary citizens—as opposed to wealthy corporate executives—will further diminish terrorist ranks as individuals become disillusioned with actions that succeed only in turning the masses against them. Nevertheless, the next international problem—like Vietnam or INF—that produces important changes in West European politics is also likely to spawn yet another cycle of terrorism drawing on the lessons of its predecessors. [REDACTED]

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Economic News in Brief**Western Europe**

Austrian nuclear white elephant: Owners of Zwentendorf, Austria's only nuclear plant, have decided to sell its usable equipment and seek alternative use for facility. . . . \$400 million plant was mothballed upon completion in 1978 when nuclear power referendum failed to gain approval.

More jobs in France: Foreign firms created 13,400 jobs in France last year, the highest level in 10 years . . . US and Japanese firms were each responsible for over one-third of the new jobs . . . two-thirds of the new jobs were created in zones designated as high priority for employment creation.

West German auto industry prospects brighter: Volkswagen, West Germany's leading carmaker, announced first dividend in three years. . . . Despite metalworkers' strike last spring, Volkswagen increased output 1.8 percent and sales 14 percent to a record \$14.8 billion . . . upswing due to strong exports that more than offset flagging domestic sales. . . . Recent compromise delaying introduction of catalytic converters should alleviate some consumer uncertainties and improve domestic sales.

West German-Soviet rail ferry: Bonn has given go-ahead to detailed negotiations over Soviet-proposed Baltic rail ferry link . . . feels benefits of more trade outweigh security objections . . . final approval to hinge on Soviet acceptance of West German conditions—major transfer facility at Soviet end of link, West German terminus not near military installation, and limit to number of Soviets assigned to West German port.

Canada begins privatization: Canadian Treasury Board announced 11 April the government will begin selling off federally owned corporations by the end of 1985 . . . likely candidates include holdings of Canada Development Investment Corporation (CDIC) . . . Ottawa will find it difficult to find buyers for CDIC's unprofitable firms at prices it hopes to receive.

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Eastern Europe

Drought worsens Bulgarian economic difficulties: The US Embassy in Sofia reports drought conditions have damaged Bulgaria's winter wheat crop, important for hard currency earnings and exports to the USSR. . . . Significant losses would reduce Bulgaria's exportable grain surplus and probably force Sofia to purchase grain on international markets. . . . Water conservation measures will add to popular concern over economic difficulties.

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Looking Ahead

May Ireland

Prime Minister FitzGerald, who visits Washington the first week in May, probably will want to brief US officials on substance of ongoing Anglo-Irish negotiations over Northern Ireland . . . journalists highlighting possibility of a breakthrough on the issue soon, and may tie FitzGerald trip to reports that both Dublin and London want US political and financial support for settlement.

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Canada

Ontario provincial election due 2 May . . . Tories have ruled province since 1943, but their lead over the Liberals has dropped from 30 to 16 points since the election was called . . . Tory victory still likely, but Liberal upset would greatly assist recovery of federal Liberal Party.

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United Kingdom

County council elections in 47 English and Welsh counties on 2 May will be the first test of political winds in the United Kingdom this year . . . Tories now hold a majority of councils but may lose some . . . Social Democratic-Liberal Alliance hoping to overshadow Labor, possibly producing as many as 20 hung councils.

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East Germany

Deputy Foreign Trade Minister Gerhard Beil . . . in charge of trade with the West will visit Washington on 6-7 May . . . reflects East Berlin's interest in more trade with the United States . . . East Germany particularly interested in boosting its exports and acquiring technology.

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Italy

Nearly 90 percent of Italy's voters will go to the polls on 12 May to elect new local, provincial, and regional councils . . . election will not alter arithmetic in Parliament but will set the tone of politics in months ahead . . . Communists in good position to win a plurality.

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Czechoslovakia

Presidential election scheduled to take place by the end of May . . . we expect party General Secretary Gustav Husak to be reelected.

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June Greece

National election likely to be scheduled in first half of June . . . worsening economy and dubious legality of Papandreou's recent maneuvers to elect new president and change Constitution likely to be major issues . . . Papandreou probably would win election if held now.

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